



Department of Veterans Affairs Office of Inspector General

Combined Assessment Program Review of the VA Regional Office Louisville, Kentucky

Office of Inspector General

Combined Assessment Program Reviews

Combined Assessment Program (CAP) reviews are part of the Office of Inspector General's (OIG's) efforts to ensure that high quality health care and benefits services are provided to our Nation's veterans. CAP reviews combine the knowledge and skills of the OIG's Offices of Healthcare Inspections, Audit, and Investigations to provide collaborative assessments of VA medical facilities and regional offices on a cyclical basis. The purposes of CAP reviews are to:

- Evaluate how well VA facilities are accomplishing their missions of providing veterans convenient access to high quality medical and benefits services.
- Determine if management controls ensure compliance with regulations and VA policies, assist management in achieving program goals, and minimize vulnerability to fraud, waste, and abuse.
- Provide fraud and integrity awareness training to increase employee understanding of the potential for program fraud and the requirement to refer suspected criminal activity to the OIG.

In addition to this typical coverage, CAP reviews may examine issues or allegations referred by VA employees, patients, Members of Congress, or others.

**To Report Suspected Wrongdoing in VA Programs and Operations
Call the OIG Hotline – (800) 488-8244**

Contents

	Page
Executive Summary	i
Introduction	1
Regional Office Profile	1
Objectives and Scope of the CAP Review	1
Results of Review	3
Organizational Strengths	3
Opportunities for Improvement	4
Hospital Adjustments	4
System Messages	5
Fiduciary and Field Examinations	5
Locked Files	6
Management Performance	7
Vocational Rehabilitation and Employment	8
Appendices	
A. Regional Office Director Comments	10
B. Monetary Benefits in Accordance with IG Act Amendments	17
C. OIG Contact and Staff Acknowledgments	18
D. Report Distribution	19

Executive Summary

Introduction

During the week of May 10–14, 2004, the Office of Inspector General (OIG) conducted a Combined Assessment Program (CAP) review of the VA Regional Office (VARO) Louisville, KY. The regional office is part of the Veterans Benefits Administration (VBA) Southern Area. The purpose of the review was to evaluate selected regional office operations, focusing on benefits claims processing and financial and administrative controls. During the review, we also provided fraud and integrity awareness training for 109 regional office employees.

Results of Review

This CAP review focused on 12 areas. As indicated below, there were no concerns identified in six of the areas. The remaining six areas resulted in recommendations or suggestions for improvement.

The regional office complied with selected standards in the following areas:

- Accounts Receivable
- Automated Information Systems Security
- Benefits Delivery Network Security
- Government Purchase Card Program
- Incarcerated Veterans
- Retroactive Payments

Based on our review of these six areas, the following organizational strengths were identified:

- Automated information systems (AIS) security was effective.
- Accounts receivable (A/Rs) were effectively managed.
- Procedures for reviewing payments to incarcerated veterans and their dependents were effective.
- The Government Purchase Card Program was effectively managed.
- Benefits Delivery Network (BDN) security controls were effective.

We identified six areas that needed additional management attention. To improve operations, the following recommendations were made:

- Adjust compensation and pension (C&P) payments to hospitalized veterans, and identify hospitalized veterans receiving C&P benefits to determine the appropriateness of their awards.

- Improve processing of BDN system messages.
- Improve the timeliness of Fiduciary and Field Examination (F&FE) initial appointments (IAs) and field examinations.
- Improve security of locked files.

Suggestions for improvement were made in the following areas:

- Meet management performance goals established in the National Dashboard Report.
- Timely process Vocational Rehabilitation and Training (VR&E) applications.

This report was prepared under the direction of Mr. Freddie Howell, Jr., Director, and Mr. Mark Collins, CAP Review Coordinator, Chicago Audit Operations Division.

Regional Office Director Comments

The Regional Office Director agreed with the CAP review findings, recommendations, and suggestions. Acceptable improvement plans were provided. (See Appendix A, pages 10–16 for the full text of the Director’s comments.) We will follow up on the planned actions until they are completed.

(original signed by:)

RICHARD J. GRIFFIN
Inspector General

Introduction

Regional Office Profile

Organization and Programs. VARO Louisville provides C&P, VR&E, and burial benefits to eligible veterans, dependents, and survivors residing in Kentucky. The regional office operates out-based offices in VA medical centers (VAMCs) located in Louisville and Lexington, KY. Additional offices provide services to veterans, their dependents, and to service members nearing separation. They are located at the U. S. Army Armor Center at Ft. Knox, Bowling Green, Mayfield, and Prestonsburg, KY. The regional office also has a satellite office at the Landstuhl Medical Center, Germany.

VA's Loan Guaranty program for veterans residing in Kentucky is administered by the Regional Loan Center located at VARO Roanoke, VA. Education benefits are provided by the Regional Education Processing Center located at VARO St. Louis, MO. The Southern Area Human Resources Center located at VARO Jackson, MS, provides Human Resources Management support.

Resources. The regional office had a Fiscal Year (FY) 2004 operating budget of about \$10.5 million and a staffing level of 147 full-time equivalent employees.

Workload. The regional office serves a veteran population of about 370,930 in the state of Kentucky. In FY 2003, the regional office authorized and paid about \$432 million in C&P benefits to 52,727 beneficiaries. During FY 2003, the regional office had about 1,900 participants in the VR&E program and provided fiduciary oversight for 1,952 incompetent veterans and other beneficiaries.

Objectives and Scope of the CAP Review

Objectives. CAP reviews are one element of the OIG's efforts to ensure that our Nation's veterans receive high quality VA health care and benefits services. The objectives of the CAP review program are to:

- Conduct recurring evaluations of selected health care facility and regional office operations, focusing on patient care, quality management, benefits delivery, and financial and administrative controls.
- Provide fraud and integrity awareness training to increase employee understanding of the potential for program fraud and the requirement to refer suspected criminal activity to the OIG.

Scope. We reviewed selected benefits claims processing and financial and administrative activities to evaluate the effectiveness of benefits delivery and management controls. Benefits delivery is the process of ensuring that veterans' claims and requests for benefits

or services are processed promptly and accurately. Management controls are the policies, procedures, and information systems used to safeguard assets, prevent errors and fraud, and ensure that organizational goals are met.

In performing the review, we inspected work areas; interviewed managers and employees; and reviewed benefits, financial, and administrative records. The review covered regional office operations for FYs 2001, 2002, 2003, and 2004 through March 2004, and was performed in accordance with OIG standard operating procedures for CAP reviews. The review covered the following activities:

Accounts Receivable	Incarcerated Veterans
Automated Information Systems	Locked Files
Security	Management Performance
Benefits Delivery Network Security	Retroactive Payments
Fiduciary and Field Examinations	System Messages
Government Purchase Card Program	Vocational Rehabilitation and
Hospital Adjustments	Employment

Activities that were particularly effective or otherwise noteworthy are recognized in the Organizational Strengths section of the report (page 3). Activities needing improvement are discussed in the Opportunities for Improvement section (pages 4-9). For these activities, we make recommendations and suggestions. Recommendations pertain to issues that are significant enough to be monitored by the OIG until corrective actions are implemented. Suggestions pertain to issues that should be monitored by regional office management until corrective actions are completed. For the activities not discussed in the Organizational Strengths or Opportunities for Improvement sections, there were no reportable deficiencies.

During the review, we also presented four fraud and integrity awareness briefings to regional office employees. The briefings, attended by 109 employees, covered procedures for reporting suspected criminal activity to the OIG and included case-specific examples illustrating procurement fraud, false claims, conflicts of interest, and bribery.

Results of Review

Organizational Strengths

Automated Information Systems Security Was Effective. AIS security controls were effective in the areas of security awareness training, password controls, computer room security, monitoring of Internet usage, and backup of essential data. The continuity of operations plan was updated and tested during January 2004.

Accounts Receivable Were Effectively Managed. VBA policy requires the establishment of A/Rs in cases involving overpayments to veterans or their beneficiaries. Our review of 174 A/Rs showed that collection efforts and referrals to the Debt Management Center were diligent and proper.

Procedures For Reviewing Payments To Incarcerated Veterans And Their Dependents Were Effective. Veterans Service Center (VSC) staff effectively adjusted payments to incarcerated veterans and their dependents. VBA policy requires VSC staff to review and adjust C&P payments to veterans incarcerated for more than 60 days. VSC staff effectively reviewed and adjusted C&P payments by utilizing State and Local Prison Match information and Bureau of Prisons social security number reports.

The Government Purchase Card Program Was Effectively Managed. VARO staff complied with VA Government purchase card policy. Cardholders and approving officials performed reconciliations and approvals timely, and controls were adequate.

BDN Security Controls Were Appropriate. Information Resources Management officials had established effective controls over the assignment of BDN passwords and C&P claims authorization commands to reduce the risk of fraudulent or improper use. They also complied with VBA policy to ensure passwords for access to BDN met security requirements, and the number of employees with the C&P authorization command was limited to VSC employees at the GS-11 level and above.

Opportunities for Improvement

Hospital Adjustments – Processing of Benefits Adjustments for Hospitalized Veterans Needed To Be Improved

Conditions Needing Improvement. VSC staff did not properly reduce C&P benefits for veterans hospitalized for extended periods at Government expense as required by Federal law. Payments to veterans receiving additional aid and attendance (A&A) allowances must be reduced to the lower housebound rate if they are hospitalized at Government expense for more than a calendar month. VA policy requires VSC staff to review reports from VA's Automated Medical Information Exchange (AMIE) system monthly to identify veterans admitted to VA medical facilities or VA contract nursing homes.

Overpayments. VAMCs Louisville and Lexington provided data identifying 132 veterans who had been hospitalized for 90 days or more at Government expense as of March 2004. Eleven of the 132 veterans (8 percent) had overpayments totaling \$125,510 because VSC staff had not reduced their awards. VARO Louisville had jurisdiction over six of the overpayments totaling \$49,367. The VA Pension Maintenance Center in Milwaukee, WI, had jurisdiction over four cases with overpayments totaling \$9,328. VARO Indianapolis had jurisdiction over one case with an overpayment of \$66,815. VSC staff referred the cases to the appropriate offices of jurisdiction to adjust the A&A allowances and initiated action to adjust A&A allowances for the six cases under VARO Louisville's jurisdiction.

Identifying Hospitalized Veterans. In 4 of 6 cases under VARO Louisville's jurisdiction, VAMCs Louisville and Lexington staff did not code the veterans' records to indicate that they were receiving A&A allowances. The coding of A&A allowances is the preliminary indicator for VSC staff to further review hospitalized veterans' benefits to determine if adjustments are required.

Recommended Improvement Action(s) 1. We recommended that the Regional Office Director ensure that VSC staff: (a) adjust benefits for the veterans identified by our review and initiate collection actions where necessary, and (b) review and compare AMIE reports to BDN records and coordinate with VAMCs Louisville and Lexington staff to detect uncoded medical records.

The Regional Office Director agreed with the findings and recommendations and reported that all the cases except one, in which the veteran had died, were adjusted. VSC management are reviewing and comparing AMIE reports with BDN records and working with VAMCs Louisville and Lexington to detect uncoded medical records. Previous problems have been corrected, random checks are being performed, and action will be taken if further problems are identified. The improvement plans are acceptable, and we will follow up on the planned actions until they are completed.

System Messages – Processing of Benefits Delivery Network System Messages Needed To Be Improved

Condition Needing Improvement. C&P system messages were not processed properly. BDN generates various system and diary messages indicating that adjustments of benefits or corrections to BDN records are necessary. Actions taken on system messages must be kept under automated control using the correct dates of claim and end product numbers. If no action is necessary on a message, VBA policy requires system messages to be annotated, dated, and initialed.

We reviewed a judgment sample of 34 BDN system messages generated during the cycle ending December 31, 2003. Three of the 34 messages (9 percent) were not properly processed. The first BDN system message notified VSC staff that a veteran's separation pay was not being offset. An award was processed in February 2003 granting compensation at the 100 percent rate retroactively to February 1, 2001, and compensation payments were correctly withheld to recoup the veteran's service severance pay of \$47,026. However, in March 2003 an award granting additional compensation for the veteran's dependents erroneously repaid the amount previously recouped. The second BDN message stated that the veteran's service severance pay balance of \$12,255 was not being recouped. The award processed in December 2003 did not withhold payments to recoup the veteran's service severance pay. Failure to process the third BDN system message resulted in an overpayment of \$35.92. Due to the death of a dependent, the veteran was no longer eligible for pension benefits.

Recommended Improvement Action(s) 2. We recommended that the Regional Office Director require VSC staff to correct the cases identified and ensure that BDN system messages are properly processed.

The Regional Office Director agreed with the finding and recommendation and reported that two of the cases had been corrected and one had been sent to VARO Cleveland for correction. A procedure has been established to review BDN system messages within 5 calendar days of receipt, with corrective action to be taken within 10 business days. The improvement plans are acceptable, and we will follow up on the planned actions until they are completed.

Fiduciary and Field Examinations – Examination Timeliness Needed To Be Improved

Conditions Needing Improvement. Regional office management needed to improve the timeliness of IA examinations and fiduciary and beneficiary field examinations. VBA policy requires F&FE staff to conduct an IA examination within 45 days from the date they receive the referral requesting an appointment of a fiduciary. The policy also requires a subsequent field examination no later than 120 days after the scheduled diary

date for those beneficiaries receiving more than the 30 percent disability rate for a veteran with no dependents. The diary date for the first field examination is 1 year from the date of the IA examination.

As of April 15, 2004, *Work in Progress* reports in the automated Fiduciary-Beneficiary System showed that pending workload for 18 of 48 (38 percent) IAs and 49 of 185 (26 percent) field examinations did not meet timeliness standards. The F&FE supervisor was aware of the timeliness problem and attributed it to a shortage of qualified F&FE staff, workload assignments, and limited travel funds. A judgment sample of 10 IA examinations and 11 subsequent field examinations showed that:

- Eight of 10 (80 percent) IA examinations did not meet the 45-day timeliness standard. The eight examinations were conducted between 54 and 197 days after requests for IA examinations were received.
- Eight of 11 (73 percent) subsequent field examinations did not meet the 120-day timeliness standard. The field examinations were over due from 60 to 210 days.

Recommended Improvement Action(s) 3. We recommended that the Regional Office Director ensure that F&FE staff performs timely IAs and field examinations.

The Regional Office Director agreed with the finding and recommendation and reported that lack of timely IAs and field examinations was due to a shortage of experienced field examiners, limited travel funds, and increased caseload. They are training part-time field examiners and monitoring each field examiner's casework on a daily basis. The improvement plans are acceptable, and we will follow up on the planned actions until they are completed.

Locked Files – Security of Claims Folders Needed To Be Improved

Condition Needing Improvement. The claims folders of veterans who were also VA employees were electronically locked at the proper BDN sensitivity levels. Controls were in place to prevent employees from altering their own records. However, there were two areas where management could improve claims folder security.

Semiannual Audits of Locked Files. VSC staff did not correctly perform the semiannual audits of locked files. A semiannual audit should include: (1) an inventory of physically locked files, (2) a reconciliation of the inventory listing with the regional offices' of jurisdiction inventory listings, and (3) a reconciliation of the inventory listing with the listing of electronically locked files. To ensure that locked files are securely maintained at the proper location, VBA policy requires regional office staff to perform a semiannual audit of locked files and immediately resolve any discrepancies. VSC staff were not reconciling physically locked files inventory to the offices of jurisdictions' inventory listings or to the listing of electronically locked files.

Jurisdiction of Locked Files. There were two employee-veteran claims folders and one veterans service officer claim folder that should have been transferred to the regional offices of jurisdiction.

Control of Locked Files. Five claims folders belonging to VARO Indianapolis work-study veterans were in the general file population, but should have been under locked file control.

Recommended Improvement Action(s) 4. We recommended that the Regional Office Director ensure that the VSC Manager: (a) performs semiannual audits of locked files, (b) transfers claims folders for employee-veterans to the regional offices of jurisdiction, and (c) places claims folders for all employee-veterans and work-study veterans under locked file control.

The Regional Office Director agreed with the findings and recommendations. Semiannual audits of locked files have been scheduled and will be conducted every 6 months in conjunction with the Information Security Officer (ISO). All employee-veteran claims folders have been transferred to the appropriate regional offices of jurisdiction. All employee-veteran and work-study veteran claims folders have been placed under locked file control. The improvement plans are acceptable, and we will follow up on the planned actions until they are completed.

Management Performance – Certain Areas Needed To Be Improved To Meet Goals Established for the Regional Office

Condition Needing Improvement. Regional office management complied with VBA policies regarding administration of benefits to veterans and their beneficiaries. Management closely monitored the accuracy, quality, and timeliness of benefits processing. In addition, management provided guidance and training to employees on ethics, conflict of interest, and employee behavior issues. C&P rating accuracy, completed rating timeliness, and pending rating related actions all improved during the period of March 2003 to March 2004. For the same time period, the VR&E rehabilitation rate increased from 59 percent to 77 percent. However, the March 2004 *National Dashboard Report*, which compared VARO performance to station goals, identified the following scores warranting management attention:

- Regional office staff used 97 days to process pending non-rating related actions compared to the goal of 80 days.
- Regional office staff took over 45 days to complete 28 percent of fiduciary IAs and field examinations compared to the goal of 12 percent.

- Regional office staff had an untimely pending fiduciary activities IAs and field examinations completion rate of 36 percent compared to the goal of 11 percent.
- Regional office staff achieved an accuracy rating of 65 percent for fiduciary work compared to the goal of 69 percent.
- Regional office staff achieved an overall satisfaction rating of 51 percent compared to the goal of 65 percent.
- Regional office staff achieved a VR&E education, planning, and services accuracy rate of 68 percent compared to the goal of 89 percent.
- Regional office staff achieved a VR&E fiscal accuracy rate of 71 percent compared to the goal of 90 percent.

Suggested Improvement Action(s) 1. We suggested that the Regional Office Director take action to meet all goals established in the *National Dashboard Report*.

The Regional Office Director agreed with the findings and suggestion and reported that changes in staffing, work assignments, and training, along with implementation of aggressive Work in Progress/Inventory Management System (WIPP/IMS) reviews would reduce non-rating related action processing time. They had begun training for part-time field examiners and daily monitoring of field examiners' casework to improve the timeliness of fiduciary IAs and field examinations and to reduce pending examinations. The Director reported an improving fiduciary work accuracy rate. Individual and group training, including training of part-time field examiners, was expected to allow F&FE to reach or exceed its accuracy rating goal by the end of calendar year 2004. VR&E staff will receive additional training to improve accuracy in entitlement decisions, services provided, and fiscal activities. Progress will be tracked through an intensified review of cases. With the implementation of these plans, the Director expected the overall satisfaction rating of the VARO to improve. The improvement plans are acceptable.

Vocational Rehabilitation and Employment – Application Processing Needed To Be Improved

Condition Needing Improvement. VR&E staff needed to improve the timeliness of processing service members' applications for entitlement eligibility. VBA's national goal for completing an entitlement determination after receipt of a vocational rehabilitation application is 60 days.

The Servicepersons Transition Examination Program (STEP) at the U.S. Army Armor Center at Fort Knox, KY, processes disability claims prior to a serviceperson's discharge from active duty. During STEP processing, all servicepersons are required to complete

vocational rehabilitation applications. However, when some servicepersons are discharged from active duty they relocate to other states and, therefore, are no longer under the jurisdiction of VARO Louisville. These cases should be transferred to the appropriate regional offices of jurisdiction.

The March 2004 *Chapter 31 Veterans In Open Case Status Report* identified 32 new VR&E applications that exceeded the 60-day timeliness standard for processing applications. Twenty-eight of the applications (88 percent) processed at Ft. Knox exceeded the standard by 146 to 441 days. These applications had not been assigned to or processed by a VR&E counselor. The 28 applicants were not Kentucky residents, and their cases should have been transferred to the appropriate regional offices of jurisdiction. According to the VR&E Officer, VR&E staff sent emails and made telephone calls to arrange for transfer of these cases, but the other 15 regional offices did not take actions to implement the transfers. The remaining four applications (13 percent) exceeded the standard by 146 to 237 days. These four applications were from veterans who were Kentucky residents and should have been assigned to VARO Louisville VR&E counselors. As a result, VR&E staff did not make timely eligibility determinations, which delayed veterans from beginning rehabilitation programs.

Suggested Improvement Action(s) 2. We suggested that the Regional Office Director require the VR&E Officer to ensure that applications for benefits are transferred to the regional offices of jurisdiction when appropriate and are timely processed.

The Regional Office Director agreed with the finding and suggestion and reported that they had implemented procedures to ensure that applications for VR&E benefits are promptly transferred to the regional offices of jurisdiction. The improvement plan is acceptable.

Regional Office Director's Comments

**Department of
Veterans Affairs**

Memorandum

Date: September 7, 2004

From: Jimmy Wardle

Subject: **Combined Assessment Program Review of the VA
Regional Office Louisville, Kentucky**

To: We have now completed our review of the subject report concerning the Louisville VBA Regional Office. We concur with the recommendations and suggested improvement actions outlined in the report document.

May I take this opportunity to extend to you, on behalf of the entire staff of the Louisville Regional Office, our appreciation for the courtesy extended by your staff during their visit to Kentucky. We found particularly helpful the cooperative and helpful nature of the review staff in identifying areas in which we can better serve our veteran clientele.

If I can provide any further assistance, please contact me at (502) 582-5801

(original signed by:)

JIMMY WARDLE

Director

Regional Office Director's Comments to Office of Inspector General's Report

The following Director's comments are submitted in response to the recommendation and suggestions in the Office of Inspector General Report:

OIG Recommendation(s)

Recommended Improvement Action(s) 1. We recommend that the Regional Office Director ensure that VSC staff:

- a) Adjust benefits for the veterans identified by our review and initiate collection actions where necessary.

Concur **Target Completion Date:** 9/7/04

All but one of the cases identified by the IG team have been adjusted. One veteran died prior to taking award action and was not adjusted.

- b) Review and compare AMIE reports to BDN records and coordinate with VAMC Louisville and Lexington staff to detect uncoded medical records.

Concur **Target Completion Date:** 9/4/04

We continue to work with both of our VA Medical Centers in Louisville and Lexington to insure automated notices are accurate and correctly coded. Previous problems appear corrected. Random checks are performed and action will be taken if any further problems are identified.

Recommended Improvement Action(s) 2. We recommend that the Regional Office Director require VSC staff to correct the cases identified and ensure that BDN system messages are properly processed.

Concur **Target Completion Date:** 10/04

Two of the cases identified have been corrected. One is under the jurisdiction of the Cleveland Regional Office. We anticipate they will be completing the action in the near future as the diary date for due process expired July 23, 2004. A procedure has been established to review the BDN system generated messages by the Veterans Service Center within five calendar days of receipt. Corrective action will be taken on these cases no later than 10 business days.

Recommended Improvement Action(s) 3. We recommend that the Regional Office Director ensure that F&FE staff performs timely IAs and field examinations.

Concur

Target Completion Date: 12/04

In July 2003, one journeyman fulltime field examiner was reassigned and could not be replaced for several months until another employee was trained. While training a replacement, our remaining two field examiners had to expand their territories to absorb the caseload of the field examiner who was reassigned. This also occurred during a time when travel funds were limited and, as a result, had a direct impact on fiduciary activities. A lack of experienced field examiners, limited travel funds, and increased caseload directly impacted our timeliness of completed and pending field exams.

We had initially expected to see improvement in timeliness of IA and FB exams by the end of fiscal year 2004. However, we anticipate further delay due to an unexpected extended medical leave of absence of one journey level fulltime field examiner and Family Medical Leave of a journey level legal instruments examiner (LIE) which began for both individuals in August 2004. In addition, several other factors such as scheduled leave, holiday seasons, expected inclement weather affecting travel, and the projected retirement of one journey field examiner in December 2004, will have a direct impact on achieving and maintaining timeliness. As a result, we anticipate improvement in IA and FB exam timeliness by the end of December 2004.

To overcome our personnel shortage and lack of experienced field examiners that directly timeliness, we are training other employees from the Public Contact Team as part-time field examiners to assist with casework. So far, one Public Contact Outreach Specialist (PCOS) (formerly VHA VSR) completed training and has been assisting on a part-time basis for over six months. Another PCOS recently completed training and began performing the full range of field exams in July 2004. Unfortunately, one VSR completed formal training but did not perform at an appropriate level to continue to assist with fiduciary activities. Consequently, we have selected another PCOS to begin formal training this month (August).

In addition, the F&FE Supervisor is monitoring each field examiner's casework on a daily basis by using FBS reports to monitor compliance with timeliness standards for each case. By training part-time field examiners and monitoring each field examiner's casework on a daily basis, we believe these methods will allow us to improve timeliness of pending and completed field exams.

Recommended Improvement Action(s) 4. We recommend that the Regional Office Director ensure that the VSC Manager:

- a) Performs semiannual audits of locked files.

Concur **Target Completion Date:** 9/7/04

These audits, to be conducted in conjunction with the ISO, have been placed on the schedule for the Veterans Service Center Manager. They will continue to be conducted every six months.

- b) Transfers claim folders for employee-veterans to the regional offices of jurisdiction.

Concur **Target Completion Date:** 9/7/04

All employee-veteran claims folders have been transferred to the appropriate office of jurisdiction. This includes the claims folders of employee-veterans stationed at other regional offices.

- c) Places claim folders for all employee-veterans and work-study veterans under locked file control.

Concur

Target Completion Date: 9/7/04

All employee-veteran and work-study veteran claims folders are under locked file control at this time.

OIG Suggestion(s)

Suggested Improvement Action(s) 1. We suggest that the Regional Office Director take action to meet all goals established by the *National Dashboard Report*.

Concur

Target Completion Date: Continuing

- a) Regional office staff used 97 days to process pending non-rating related actions compared to the station goal of 80 days.

Recent changes in the staffing of the Post Determination Team, assignment of work, training in all non-rating related actions, and aggressive WIPP/IMS reviews have been made which we anticipate will reduce the non-rating average days pending, or processing time.

- b) Regional office staff took over 45 days to complete 28 percent of fiduciary IAs and field examinations compared to the station goal of 12 percent.

Please see our response to "Recommended Improvement Action(s) 3."

- c) Regional office staff had an untimely pending fiduciary activities IAs and field examinations completed rate of 36 percent compared to the station goal of 11 percent.

Please refer to our response to "Recommended Improvement Action(s)3."

- d) Regional office staff achieved an accuracy rating of 65 percent for fiduciary work compared to the station goal of 69 percent.

The RO accuracy rate has steadily improved during Fiscal Year 2004. Since the OIG's visit to the RO in June 2004, our accuracy rate has improved from 65% to 77%, which is only two percentage points below the national average of 79%. We expect to reach or exceed a satisfactory accuracy level by end of calendar year 2004.

We are continuing to schedule individual and group training sessions to discuss the type of errors found during National STAR Reviews and local quality reviews.

In addition, we sought the assistance of a Compensation and Pension Service F&FE Staff member to train several PCT employees as part-time field examiners. Once these individuals have completed their training, we believe we will continue to improve and sustain a satisfactory accuracy rate.

e) Regional office staff achieved an overall satisfaction rating of 51% compared to the station goal of 69%.

We look forward to the results of the next scheduled Satisfaction Survey and anticipate improved scores.

f) Regional office staff achieved a VR&E education, planning, and services accuracy rate of 68 percent compared to the station goal of 89 percent.

VR&E was enabled to provide staff training during the week of July 25, 2004. The need for the training arose out of previous National and ongoing Local review results that revealed a need to adjust technical weaknesses in the financial accuracy area; and, the lack of comprehensive decision-supporting documentation in the other accuracy areas. An intensified, and ongoing scrutiny of cases reviewed subsequent to this training will be employed to track progress as to whether fiscal payments are consistent with regulatory guidelines and case documentation supports the entitlement decisions, service provision, and outcome decisions rendered in the cases.

Previously, National Review results were distributed to the relevant VRC with an understanding that the VRC would incorporate the findings into their future work. In specific instances, a given counselor would be individually instructed regarding improvements they should make. Beginning with the current National Review and henceforward, each counselor having a case reviewed nationally will always have the results of their review discussed with them individually.

Local review results will also be discussed with each VRC in the same fashion as discussions for National Review results. Meticulous follow-up will occur for all cases where corrective action is needed.

New performance standards were issued to each VRC on June 30, 2004, and individual sessions regarding the standards were held throughout the month of July with each counselor. The VR&E Officer provided additional training on July 30, 2004 to the staff regarding the standards. A subsequent individual review of performance standards will be undertaken with each VRC to reemphasize how each factor of their standard impacts performance measures and how failure in any critical element renders one unsatisfactory.

g) Regional office staff achieved a VR&E fiscal accuracy rate of 71 percent compared to the station goal of 90 percent.

Please refer to our response above.

Suggested Improvement Action(s) 2. We suggest that the Regional Office Director require the VR&E Officer to ensure that applications for benefits are transferred to the regional offices of jurisdiction when appropriate and are timely processed.

Concur **Target Completion Date:** 9/7/04

The VARO Louisville, Vocational Rehabilitation and Employment Division, has initiated and put procedures in place to prevent future occurrences of the problem with application processing noted in the CAP report. These procedures will ensure timely processing of applications and preclude any delay of benefits to servicemen and veterans resulting from such processing.

Monetary Benefits in Accordance with IG Act Amendments

<u>Recommendation</u>	<u>Explanation of Benefit(s)</u>	<u>Better Use of Funds</u>
1	Adjust payments to veterans hospitalized at Government expense for periods exceeding a calendar month.	\$125,510
2	Adjust payments to veterans identified by BDN system messages.	<u>59,317</u>
Total		\$184,827

OIG Contact and Staff Acknowledgments

OIG Contact	Freddie Howell, Jr., (708) 202-2670
-------------	-------------------------------------

Acknowledgments	Mark Collins
	Ray Jurkiewicz
	Mike Keen
	Cherie Palmer
	Jennifer Roberts
	Bill Wells
	Ora Young

Report Distribution

VA Distribution

Office of the Secretary
Veterans Benefits Administration
Assistant Secretaries
General Counsel
Director, Southern Area Office (20F2)
Director, VARO Louisville (327/00)
Director, VARO Milwaukee (330/00)
Director, VARO Indianapolis (326/00)
Director, VAMC Louisville (603/00)
Director, VAMC Lexington (596/00)

Non-VA Distribution

House Committee on Veterans' Affairs
House Appropriations Subcommittee on VA, HUD, and Independent Agencies
House Committee on Government Reform
Senate Committee on Veterans' Affairs
Senate Appropriations Subcommittee on VA, HUD-Independent Agencies
Senate Committee on Government Affairs
National Veterans Service Organizations
Government Accountability Office
Office of Management and Budget
U.S. Senate: Mitch McConnell and Jim Bunning
U.S. House of Representatives:
 Ben Chandler Anne M. Northup
 Ron Lewis Harold (Hal) Rogers
 Ken Lucas Ed Whitfield

This report will be available in the near future on the OIG's Web site at <http://www.va.gov/oig/52/reports/mainlist.htm>. This report will remain on the OIG Web site for at least 2 fiscal years after it is issued.